

**Table 1. Comparison of Current Law with  
Entitlement Reconciliation Recommendations for Fiscal Year 2006**

	Current Law	Committee Recommendation
<b>Findings [Section 8004]</b>  (Note: Sections 8001, 8002 and 8003 set forth the bill's short title, table of contents, and references.)	P.L. 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, made a series of findings related to marriage, responsible parenthood, trends in welfare receipt and the relationship between welfare receipt and nonmarital parenthood, and trends in and negative consequences of nonmarital and teen births.	Makes a series of findings related to: (1) the success of the 1996 law in moving families from welfare to work and reducing child poverty; (2) progress made by the nation in reducing teen pregnancy and births, slowing increases in nonmarital births, and improving child support collections and paternity establishment; (3) the flexibility provided by the 1996 law for states to develop innovative programs; (4) further progress to be made in promoting work, strengthening families, and enhancing state flexibility to build on the success of welfare reform; and (5) establishing the sense of Congress that increasing success in moving families from welfare to work and promoting healthy marriage and other means of improving child well-being are important government interests and the policies in federal TANF law (as amended by this title) are intended to serve those ends.
<b>Subtitle A TANF</b>		
<b>Purposes [Section 8101]</b>	The purpose of TANF is to increase state flexibility in operating a program designed to: (1) assist needy families so that children may live in their homes or those of relatives; (2) end dependence of needy parents on government benefits; (3) reduce out-of-wedlock pregnancies; and (4) encourage the formation and maintenance of two-parent families.	The purpose of TANF is to <i>improve child well-being by increasing</i> state flexibility in operating a program designed to: (1) provide assistance <i>and services</i> to needy families so that children may live in their homes or those of relatives, (2) end dependence of needy <i>families</i> on government benefits <i>and reduce poverty</i> ; (3) reduce out-of-wedlock pregnancies; and (4) encourage the formation and maintenance of <i>healthy, two-parent married families and encourage responsible fatherhood</i> . [New language in italics]
<b>Family assistance grants [Section 8102]</b>	Provides capped grants (entitlements to states) through December 31, 2005. Nationally, annual family assistance grants total \$16.567 billion for the states, District of Columbia, and the territories. Each jurisdiction's share of the national total grant equals its share of the national total Fiscal Year (FY) 2002 grant. Also provides matching grants to the territories.	Extends basic block grant at current funding levels through FY2010. Extends matching grants for the territories through FY2010.

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<b>Promotion of family formation and healthy marriage</b> <b>[Section 8103]</b>	<p>No provision for special grants. Up to five states may receive an out-of-wedlock bonus (totaling up to \$100 million per year) for reducing out-of-wedlock birth ratios without increasing abortion rates.</p> <p>Federal TANF funds may be used on activities that seek to reduce out-of-wedlock births and promote the formation and maintenance of two-parent families (TANF goals 3 and 4) without regard to families' financial need. However, all state expenditures counted toward required "maintenance of effort" spending (including those directed at TANF goals 3 and 4) must be for TANF-eligible families, subject to a test of financial need.</p>	<p>Eliminates the out-of-wedlock birth bonus. Appropriates \$100 million annually for fiscal years 2006 through 2010 for 50% competitive matching grants to states, territories and tribal organizations for programs to promote healthy, married two-parent families. Grants may be used for advertising campaigns; education in high schools; marriage education, marriage skills and relationship skills programs, conflict resolution, and job and career advancement for non-married pregnant women and expectant fathers; pre-marital education and marriage skills training for engaged couples and individuals and couples interested in marriage; marriage enhancement and marriage skills training programs for married couples; divorce reduction programs; marriage mentoring programs; and programs to reduce marriage disincentives in means-tested programs, if offered in conjunction with any other listed activity.</p> <p>Provides that state expenditures to reduce out-of-wedlock births and promote marriage and responsible fatherhood (TANF goals 3 and 4) may be counted toward required "maintenance-of-effort" state spending without regard to families' financial need (conforming with the rule for use of Federal TANF funds for these activities).</p> <p>Adds a requirement that each state outline in its TANF state plan how it will encourage equitable treatment of married, two-parent families. <b>Note:</b> The bill further provides (Section 8111) that federal TANF funds used for marriage promotion shall be treated as state matching funds for marriage promotion grants; however, federal TANF funds used for marriage promotion may not be counted toward the state's "maintenance of effort" spending requirement. In addition, the bill specifies that some research and demonstration funds (Section 8115, \$100 million yearly for FY2006 through FY2010)</p>

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		shall be spent primarily on activities allowed under marriage promotion grants.
<b>Supplemental grant for population increases in certain states</b> <b>[Section 8104]</b>	Supplemental grants for (17) states with low historic federal grants per poor person and/or high population growth for FYs 1998-2001 (extended at FY2001 funding level for FY2002 by P.L. 107-147 and thereafter by temporary extension legislation). Grants grew each year, from \$79 million in FY1998 to \$319 million in FY2001.	Extends supplemental grants through 2009 at current (\$319 million per year) levels.
<b>Elimination of High Performance Bonus</b> <b>[Section 8105]</b>	High performance bonus paid on the basis of achieving TANF goals. Formula developed by HHS in consultation with the states. For FY2002 and each year thereafter, performance formula includes employment and family formation outcomes, child care affordability, and coverage in certain government programs.	Repeals the High Performance Bonus.
<b>Contingency fund</b> <b>[Section 8106]</b>	Capped matching grants (\$2 billion) provided in case of recession for FY1997-FY2001 (extended through FY2002 by P.L. 107-147 and thereafter by temporary extension legislation). To qualify for contingency dollars, states must spend under the TANF program a sum of their own dollars equal to their pre-TANF spending.	Continues and amends the contingency fund, providing up to \$2 billion for FY2006 through FY2010. Beginning in FY2008: permits states to count <i>child care spending and all spending in separate state programs</i> toward state spending required to access contingency fund; eliminates the pro-rata reduction in the federal match rate for states that qualify for funds for only part of the year; and adjusts food stamp “needy state” trigger for policy changes made after passage of 1996 welfare law.
<b>Use of funds</b> <b>[Section 8107]</b>	States may use funds in any manner reasonably calculated to accomplish the TANF purposes. Additionally, states may use TANF funds in any manner that they were authorized to use funds from its predecessor programs (“grandfathered” activities).  For purposes of TANF, states may treat a new resident of the state under the rules of the applicant’s or recipient’s former state. The state plan must indicate whether the state intends to treat families moving into the state differently from others. The U.S. Supreme Court struck differential treatment	Modifies the rule for use of TANF funds for “grandfathered” activities, permitting states to use TANF funds <i>for any purposes or activities</i> permitted under pre-TANF rules.  Strikes provisions about treatment of families migrating into the state.

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	<p>of new state residents.</p> <p>States may transfer up to 30% of TANF funds to the Child Care and Development Block Grant (CCDBG) and the Title XX Social Services Block Grant (SSBG). Specifies that a maximum of 10% of total transfers may go to SSBG in FY2005, 4.25% thereafter. Also allows states to use TANF funds, within the overall 30% transfer limit, as <i>matching funds</i> for the Job Access transportation program for TANF recipients, ex-recipients, and persons at risk of becoming income-eligible for TANF.</p> <p>Grants may be reserved (remain unspent) without fiscal year limit for the purpose of providing “assistance” (chiefly ongoing cash aid). For other benefits and services, “nonassistance” amounts must be obligated in the year of award and spent in the following year.</p>	<p>Increases the overall ceiling on transfers to 50%. Sets limit on SSBG transfers at 10% (original limit in 1996 law) for FY2006 and each year thereafter.</p> <p>Allows use of carry-over funds from TANF grants for any benefit or service without fiscal year limitation. Permits a state or tribe to designate some TANF funds as a contingency reserve.</p>
<b>Repeal of federal loan for state welfare programs [Section 8108]</b>	Provides a \$1.7 billion revolving and interest-bearing federal loan fund for state welfare programs.	Repeals loan fund effective October 1, 2006.
<b>Universal engagement and family self-sufficiency plan requirements [Section 8109]</b>	<p>State plan must require that a parent or caretaker engage in work (as defined by the state) after, at most, 24 months of assistance. <b>Note:</b> This requirement is not enforced by a specific penalty.</p> <p>States must make an initial assessment of the skills, prior work experience, and employability of each recipient 18 or older or those who have not completed high school within 30 days.</p> <p>States may, but are not required to, use the</p>	<p>Repeals the 24-month work trigger.</p> <p>Requires states, in a manner they deem appropriate, to assess the skills, prior work experience, and employability of each work-eligible person. Work eligible persons are defined in section 8110 of the bill as heads of households whose needs are included in the TANF grant (or would be included but for a sanction). The state may use job search or work activities to assess the employability of individuals.</p> <p>Requires states to develop a family self-sufficiency</p>

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	<p>assessment, in consultation with the recipient, to develop an Individual Responsibility Plan (IRP). The plan sets forth an employment goal for the recipient and a plan for moving the individual immediately into private sector employment; the obligations of the recipient, which may include requirements to attend school, maintain certain grades and attendance, keep school age children in school, immunize children, and attend parenting and money management classes; increase responsibility and amount of work over time; describe the services the state will provide the individual so that the individual will be able to keep and retain employment in the private sector; and may require the individual to undergo appropriate substance abuse treatment.</p> <p>TANF work participation standards are enforced by a penalty on states: loss of 5% of the state's basic grant for first year of violation (penalty may be reduced for the degree of violation). The penalty increases by a maximum 2 percentage points each year, and is capped at 21% of the block grant. Penalty may be reduced for the degree of violation. State must replace the amount of federal penalty funds lost with its own funds.</p>	<p>plan for each family with a work-eligible person. Plans must be established within 60 days of opening a case (within 12 months for families enrolled on October 1, 2005). The plan is to specify appropriate activities, including "direct work" activities (see section 8110) and provide for the ongoing participation in the activities. The state has sole discretion, consistent with TANF work participation standards, to define and design activities and develop methods for monitoring activities. The state must require recipients to participate in activities in accordance with the plan, monitor participation of each individual in activities specified in the plan, and review and revise the plan and activities as the state deems appropriate.</p> <p>Penalizes a state for failure to meet TANF work participation standards or establish family self-sufficiency plans. States that fail to meet standard and/or establish self-sufficiency plans are penalized a maximum of 5% of the state's basic block grant for the first year of violation (increasing each subsequent year). Penalty may be reduced for the degree of violation.</p>
<b>Work participation requirements</b> <b>[Section 8110]</b>	States must have a specified percentage of their adult recipients engaged in creditable work activities. Since FY2002 the participation standard has been 50% for all families (and since FY1999 it has been 90% for the two-parent component of the caseload).	States must have a specified percentage of families containing adult recipients engaged in direct work or alternative self-sufficiency activities chosen by the state. In FY2006 the standard is 50%, and it rises by 5 percentage points yearly to reach 70% in FY2010. Eliminates the separate standard for two-parent families.
<b>Caseload reduction credit</b>	Standards are reduced by a <i>caseload reduction credit</i> : for each percent decline in the caseload from the FY1995 level (not attributable to policy changes), the work participation standard is reduced by 1 percentage point.	Measures caseload reduction from a moving base year (rather than from FY1995) and shortens the measuring interval. Also changes the eligibility criteria base year from FY1995 to the new moving base. For FY2006, the credit is based on the percent decline in the caseload from FY1996 (not due to changes in eligibility criteria from FY1996); for FY2007, the base year is FY1998; for FY2008, FY2001. For FY2009 and every year thereafter, the

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		<p>measuring interval is 3 years.</p> <p>Establishes a “superachiever” caseload reduction credit for a state with a reduction of at least 60% (for any reason) from FY1995 to FY2001.</p>
<b>Calculation of rates</b>	<p>The monthly participation rate, expressed as a percentage, equals (a) the number of all recipient families in which an individual is engaged in work activities for the month, divided by (b) the number of recipient families with an adult recipient or minor head of household. The annual participation rate, which is compared against the participation standard, is the average of the monthly participation rates.</p> <p>States may exempt the parent of a child under age 1 from work and exclude them from the calculation of work participation rates.</p> <p>States may exclude families with certain sanctioned individuals from the calculation of the participation rates. Excluded are families sanctioned for up to 3 months in a 12-month period.</p> <p>States may include (or exclude) families participating in a tribal family assistance program or in a tribal work program from the calculation of the participation rates.</p>	<p>The monthly participation rate, expressed as a percentage, is (a) the total number of countable hours, divided by (b) 160 times the number of counted families for the month. Counted families are those that include a “work eligible” recipient: Work eligible persons are defined as heads of households whose needs are included in the TANF grant or would be included but for a sanction. The annual participation rate is the average of the monthly participation rates.</p> <p>States may, on a case-by-case basis, exclude from the calculation of work participation rates families in which the youngest child is under age 1.</p> <p>States may exclude families subject to a sanction under TANF or for failure to meet child support requirements for up to 3 months in a 12-month period.</p> <p>States may include (or exclude) families participating in a tribal family assistance program or in a tribal work program from the calculation of the participation rates (retains current law).</p> <p>States may exclude from the calculation of work participation rates families in their first month on the rolls (based on the most recent application for benefits).</p>
<b>Countable activities</b>	Federal law lists 12 activities that count toward meeting the participation standards. Nine activities have priority status: unsubsidized jobs, subsidized private jobs, subsidized public jobs, work experience, on-the-job training; job search (6 weeks usual maximum), community service, vocational	The bill lists six “direct” work activities: Unsubsidized jobs, subsidized private jobs, subsidized public jobs, on-the-job training, supervised work experience, and supervised community service.

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	<p>educational training (12-month limit), and providing child care for certain TANF recipients. Three other creditable activities: job skills training directly related to employment; and (for high-school dropouts only) education directly related to work and completion of secondary school.</p> <p>Participation in education (including vocational educational training) may account for no more than 30% of persons credited with work.</p>	<p>States may define any other activity as countable so long as it leads to self-sufficiency and is consistent with the purposes of TANF.</p>
<b>Hours of activity</b>	<p>Generally, to count toward the all-family rate, participation of 30 hours (20 hours in priority work activities) is required. For two-parent families the standard is 35 hours (30 in priority work activity), but increases to 55 hours (50 in priority activities) if the family receives federally-subsidized child care.</p> <p>For a single parent caring for a child under age 6, 20</p>	<p>Generally, states must engage all families with adult recipients in a direct work activity or alternative self-sufficiency activity for 160 hours per month for full-credit, though partial (pro-rata) credit is provided for families that fall short of the full-credit standard. To be counted toward meeting the standards, participation must include at least 24 hours per week in direct work activities listed in the law (see above).</p> <p><b>Note:</b> The 160 hour per month standard implements a 40 hour per week requirement. In the average month, 160 hours per month is equivalent to 37 hours per week. This is because the average month contains 4.33 weeks, not four weeks, and 160 divided by 4.33 equals 37. The 160 hour per month standard is seen as allowing 13 hours per month for sick leave and holidays.</p> <p>For 3 months within a consecutive 24-month period, persons may be deemed to meet the 24-hour weekly direct work requirement by engaging in short-term activities chosen by the state to promote self-sufficiency (examples listed in the bill are substance abuse counseling or treatment; rehabilitation treatment and services; work-related education or training directly enabling the family member for work; and job search or job readiness assistance). A 4<sup>th</sup> month is allowed for an individual to complete a training program.</p> <p>No special hourly rule for parent caring for a</p>

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<b>Sanctions against individuals</b>	<p>hours of participation satisfies the standard.</p> <p>Teen parents are deemed participants by maintaining satisfactory attendance in secondary school (or the equivalent in the month) or by participating in education directly related to employment for an average of 20 hours weekly.</p> <p>If an adult recipient refuses to engage in required work, the state shall reduce aid to the family pro rata (or more, at state option) with respect to the period of work refusal, or shall discontinue aid, subject to good cause and other exceptions that the state may establish.</p> <p>Exception: a state may not penalize a single parent caring for a child under age 6 for refusal to work if the parent has a demonstrated inability to obtain needed child care that is appropriate, suitable, and affordable.</p>	<p>preschool child.</p> <p>Essentially the same as current law. Teen parents are deemed to be participating for 40 hours per week by virtue of satisfactory school attendance (or the equivalent in the month) or by participating in education directly related to employment for an average of 20 hours weekly.</p> <p>If a person in a family receiving TANF assistance fails to engage in required activities and the family does not otherwise engage in activities in accordance with its self-sufficiency plan, the state shall impose a penalty as follows: (a) If the failure is partial or does not last longer than 1 month, the state shall reduce assistance to the family pro rata (or more, at state option) with respect to any period of failure during the month, or shall end all assistance to the family, subject to good cause exceptions that the state may establish; and (b) if the failure is total and persists for at least 2 consecutive months, the state shall end all cash payments to the family, including state-funded MOE payments, for at least 1 month, and thereafter, until the person resumes full participation in required activities, subject to good cause exceptions that the state may establish. If a state constitution or a state statute enacted before 1966 obligated local governments to provide assistance to needy parents and children, the state has one year (beginning with the date of enactment) to meet the requirement of this bill.</p> <p>Continues this provision.</p>
<b>Maintenance of effort [Section 8111]</b>	<p>Establishes a maintenance-of-effort (MOE) requirement that states spend at least 75% of what was spent from state funding in FY1994 on programs replaced by TANF. Nationally, this sum is \$10.4 billion. (MOE rises to 80% if state fails a work</p>	<p>Continues existing MOE requirement through FY2010. Provides that federal TANF funds used for marriage promotion shall be treated as state matching funds for marriage promotion grants, but may not be counted as state funds toward MOE</p>



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	participation standard.)	requirements.
<b>Performance improvement [Section 8112]</b>	<p>Each state must outline, in a 27-month plan, how it intends to: conduct a program providing cash assistance to needy families with children and providing parents with work and support services; require caretaker recipients to engage in work (at state definition) after 24 months of aid or sooner, if then judged work-ready; ensure that caretakers engage in work in accordance with the law; take steps deemed necessary by the state to restrict use and disclosure of information about recipients; establish goals and take action to prevent/reduce the incidence of out-of-wedlock pregnancies; and conduct a program providing education and training on the problem of statutory rape. In addition, the plan must indicate whether the state intends to treat families moving into the state differently from others; indicate whether the state intends to aid noncitizens; set forth objective criteria for benefit delivery and for fair and equitable treatment; and provide that, unless the governor opts out by notice to HHS, the state will require a parent who has received TANF for 2 months and is not work-exempt to participate in community service employment. In the plan the state must certify that it will operate a child support enforcement program and a foster care and adoption assistance program and provide equitable access to Indians ineligible for aid under a tribal plan. It must certify that it has established standards against program fraud and abuse. It must specify which state agency or agencies will administer and supervise TANF. In addition, the state may opt to certify that it has established and is enforcing procedures to screen and identify recipients with a history of domestic violence, to refer them to services, and to waive program rules for some of them.</p>	<p>Requires the state plan to describe how the state will pursue ending dependence of needy families on government benefits and reducing poverty by promoting job preparation and work and how the state will encourage the formation and maintenance of healthy two-parent married families, encourage responsible fatherhood, and prevent and reduce the incidence of out-of-wedlock pregnancies.</p> <p>Requires states to describe in their plans any strategies the state is undertaking to deal with (a) employment retention and advancement for recipients; (b) efforts to reduce teen pregnancy; (c) services for struggling and noncompliant families and for clients with special problems; and (d) program integration, including the extent to which employment and training services are provided through the One-Stop Career Center System created under the Workforce Investment Act of 1998.</p> <p>Strikes provision requiring goals to reduce out-of-wedlock pregnancies and replaces it with requirement that states establish specific numerical performance goals, measures, measurement methodology, and plans to improve outcomes regarding TANF's goals of ending dependence and reducing poverty by promoting work and job preparation, and encouraging the formation of healthy, 2-parent married families, encouraging responsible fatherhood, and reducing out-of-wedlock pregnancies.</p> <p>Strikes provision requiring community service after 2 months of benefits unless state opts out.</p> <p>Adds requirement that the plan describe strategies to improve program management and performance.</p>

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<p><b>Performance measures</b></p> <p><b>Rankings of states</b></p>	<p>Authorizes states to administer and provide TANF services through contracts with charitable, religious, or private organizations and to pay recipients by means of certificates, vouchers, or other disbursement forms redeemable with these organizations. Stipulates that any religious organization with a contract to provide welfare services shall retain independence from government and requires states to provide an alternative provider for a beneficiary who objects to the religious character of the designated organization.</p> <p>Requires that states consult with local governments and private sector organizations in the development of, and have 45 days to comment on, the TANF state plan.</p> <p>No provision. (However for the purpose of awarding performance bonuses, the Secretary is to develop a formula in consultation with the National Governors Association and the American Public Welfare Association.)</p> <p>Directs HHS Secretary to rank states in order of success in moving recipients into long-term private jobs and reducing the proportion of out-of-wedlock births and in both cases to review programs of the three states with highest and lowest ratings.</p>	<p>Requires state plans to describe strategies and programs to engage religious organizations in the provision of TANF-funded services.</p> <p>Requires that tribes be consulted and be allowed to comment on the TANF state plan and that tribes consult with the states in developing their tribal family assistance plans.</p> <p>Requires the Secretary in consultation with the states to develop uniform performance measures to judge the effectiveness and improvement of state programs in accomplishing TANF purposes.</p> <p>Deletes “long-term” qualifier from private job measure. Adds employment retention and ability to increase wages to factors used for rankings.</p>
<b>Data collection and reporting [Section 8113]</b>	States are required to collect monthly, and report quarterly, disaggregated case record information (but may use sample case record information for this purpose) about recipient families. Required family information includes: county of residence; whether a member received disability benefits; ages of members; size of family and the relation of each member to the family head; employment status and earnings of the employed adult; marital status of	<p>Permits the Secretary to designate core elements that must be reported for all families.</p> <p>Revises the data elements required to be reported by the states. Requires reporting of race and educational level of each <i>minor parent</i>. Deletes the requirement that states report the educational level of each child. Strikes the requirement to report the amount of food stamps and subsidized child care</p>

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	<p>adults; race and educational level of each adult; race and educational level of each child; whether the family received subsidized housing, Medicaid, food stamps, or subsidized child care (and if the latter two, the amount); number of months that the family received each type of aid under the program; number of hours per week, if any, that adults participated in specified activities (education, subsidized private jobs, unsubsidized jobs, public sector jobs, work experience, or community service, job search, job skills training or on-the job training, vocational education); information needed to calculate participation rates; type and amount of assistance received under the program, including the amount of and reason for any reduction of assistance; unearned income; citizenship of family members; number of families and persons receiving aid under TANF (including the number of two-parent and one-parent families); total dollar value of assistance given; total number of families and persons aided by welfare-to-work grants (and the number whose participation ended during a month); number of noncustodial parents who participated in work activities; and for each teenager, whether he/she is the parent of a child in the family.</p> <p>From a sample of closed cases, the quarterly report is to give the number of case closures because of employment, marriage, time limit, sanction, or state policy.</p>	<p>received by the family. Deletes the requirement that states report on different types of assistance, conforming the reporting requirement with the narrowed definition of assistance in section 8117.</p> <p>Adds to reported activity list: <i>training and other activities directed at TANF purposes</i>. Adds <i>and (job) placement</i> to job search. Omits job skills training and vocational education. Specifies that work experience and community service are “<i>supervised</i>.” Adds information needed to calculate <i>progress toward universal engagement</i>.</p> <p>Requires new information on recipient families in the quarterly report: the date the family first received aid, on the basis of its most recent application; whether a self-sufficiency plan is established for the family; and the marital status of the parents of any child in the family at the birth of the child, and if the parents were not then married, whether the paternity of the child has been established.</p>
<b>Monthly state reports</b>	No required monthly reports from the state. States are required to collect information monthly, and report quarterly, on families receiving assistance.	Requires reports to include the number of families and persons who became ineligible to receive TANF during the month (broken down by the number that lost eligibility because of earnings, changes in family composition that result in higher earnings, sanctions, time limits, or other specified reasons).
<b>Annual state reports</b>	Regulations require states to annually submit a program report (by December 31 of each year) providing information on the state TANF program and all programs funded by state MOE funds. For each MOE program, reports are to include the name,	Requires states to submit an annual report on characteristics of the state TANF program and other state programs funded with MOE funds. Required information: program name and purpose, description of program activities, sources of funding, number of

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<b>Regulations defining data elements</b>	purpose, and eligibility criteria.  The HHS Secretary shall prescribe regulations to define data elements for required state reports and shall consult with the Secretary of Labor in defining data elements regarding programs operated with welfare-to-work funds.	beneficiaries, sanction policies, and any work requirements.  Beginning with FY2007, states must submit to HHS an annual report on achievement and improvement under numerical performance goals and measures.  The HHS Secretary shall prescribe regulations needed to define data elements and to collect necessary data and shall consult with the National Governors Association, the American Public Human Services Association, the National Conference of State Legislatures, and others in defining the data elements.
<b>HHS reports</b>	Requires the HHS Secretary to make annual reports to Congress that include state progress in meeting TANF objectives (increasing employment and earnings of needy families and child support collections, and decreasing out-of-wedlock pregnancies and child poverty), demographic and financial characteristics of applicants, recipients, and ex-recipients; characteristics of each TANF program; and trends in employment and earnings of needy families with children. Requires the HHS Secretary to submit to four committees of Congress annual reports on specified matters about three groups: children whose families lost TANF eligibility because of a time limit, children born after enactment of TANF to teen parents, and persons who became teen parents after enactment.	Sets July 1 of each fiscal year as the deadline for the report. Deletes information on applicant families from the report. Adds requirement to report on characteristics of MOE-funded programs.
<b>Single Audit Reports</b>	TANF payments to states are subject to the Single Audit Act.	The Secretary, within 3 months of receiving an audit from a state, shall analyze it to identify the extent and nature of problems related to the state's oversight of contracts between nongovernmental entities and the state TANF program. This information is to be included in the annual TANF report to Congress.
<b>Direct funding and administration by Indian tribes</b>	Earmarks some TANF funds in the amount equal to federal pre-TANF payments received by a state and attributable to Indians for administration by tribes at	Continues Indian tribal assistance grants and NEW work/training grants through FY2010.

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<b>[Section 8114]</b>	their option. Sums used for tribal family assistance programs are deducted from state TANF grants. Also appropriates \$7.6 million annually for work and training activities (now known as Native Employment Works [NEW]) to tribes that operated a pre-TANF work and training program.	
<b>Research, evaluations, and national studies [Section 8115]</b>	Requires HHS Secretary to conduct research on effects, costs, and benefits of state programs. Provides that Secretary may help states develop innovative approaches to employing TANF recipients and shall evaluate them. For 6 years, appropriates \$15 million annually, half for TANF research and novel approaches cited above and half for state-initiated TANF studies and completing pre-TANF waiver projects.	<p>Continues these provisions and appropriates \$15 million annually for them through FY2010.</p> <p>Appropriates \$102 million each year for FYs 2006 through 2010 for research and demonstration projects and for technical assistance to states, tribal organizations, and other entities chosen by the Secretary. Sets aside \$2 million yearly for demonstration projects for coordination of child welfare and TANF services to tribal families at risk of child abuse or neglect. Specifies that the remaining \$100 million per year shall be spent primarily on activities allowed under marriage promotion grants (see above).</p> <p>Not later than March 31, 2006, requires the HHS Secretary, in consultation with the Attorney General, to submit a report on the enforcement of affidavits of support and sponsor deeming required by P.L. 104-193.</p> <p>Not later than 6 months after enactment, requires the Secretaries of HHS and Labor to submit a joint report describing common or conflicting data elements, definitions, performance measures, and reporting requirements in the Workforce Investment Act and TANF law.</p>
<b>Study by the Census</b>	Directs the Census Bureau to expand the Survey of	Appropriates \$10 million annually for FY2006

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<b>Bureau</b> <b>[Section 8116]</b>	Income and Program Participation (SIPP) to obtain data with which to evaluate TANF's impact on random national sample of recipients. Appropriates \$10 million annually.	through FY2010 to the Census Bureau. Directs the Bureau to implement or enhance a longitudinal survey of program participation to permit assessment of outcomes of continued reform on the economic and child well-being of low-income families with children, including those who received TANF-funded aid or services. Survey content should include information needed to examine the issues of out-of-wedlock childbearing, marriage, welfare dependency, beginning and ending of spells of assistance, work, earnings, and employment stability. To the extent possible, survey is to provide state representative samples. Funds are to remain available through FY2010 for this survey.
<b>Definition of Assistance</b> <b>[Section 8117]</b>	Receipt of assistance by a parent or other caretaker relative triggers work and time limit rules. Law does not define the term. By regulation, assistance is defined as ongoing aid to meet basic needs, plus support services such as child care and transportation subsidies, for unemployed recipients. It excludes non-recurrent short term benefits. Federally-funded "assistance" to a family with an adult is limited to 60 months; states <i>may</i> impose shorter time limits.	Defines "assistance" to mean payment, by cash, voucher, or other means, to or for an individual or family to meet a subsistence need, <i>but not including costs of transportation or child care</i> . It excludes non-recurrent short-term benefits.
<b>Technical corrections</b> <b>[Section 8118]</b>		Makes a number of technical corrections to current law.
<b>Fatherhood program</b> <b>[Section 8119]</b>  <b>(a) Short title</b>	No provision.	This section may be cited as the "Promotion and Support of Responsible Fatherhood and Healthy Marriage Act of 2005"
<b>(b) Fatherhood program</b>	No provision.	The Fatherhood program would be added to the Social Security Act as a new Part C of Title IV. Also, amends Title 1 of P.L. 104-193 to include the Fatherhood program, thereby making the Fatherhood program subject to the charitable choice provisions.
<b>Findings (Section 441 of new Part C)</b>	No provision.	There is evidence indicating the need to promote and support involved, committed, and responsible

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		fatherhood, and to encourage and support healthy marriages between parents raising children.
<b><i>Purposes (Section 441 of new Part C)</i></b>	No provision.	<p>The first of the three purposes is to provide for projects and activities by public entities and nonprofit community entities, including religious organizations, to test promising approaches to accomplishing the following four objectives:</p> <p>(1) promoting responsible, caring and effective parenting and encouraging positive father involvement, including the positive involvement of non-resident fathers;</p> <p>(2) enhancing the abilities and commitment of unemployed or low-income fathers to provide support for their families and to avoid or leave welfare;</p> <p>(3) improving fathers' ability to effectively manage family business affairs; and</p> <p>(4) encouraging and supporting healthy marriages and married fatherhood.</p> <p>The second purpose is, through the projects and activities described above, to improve outcomes for children such as increased family income and economic security, improved school performance, better health, improved emotional and behavioral stability and social adjustment, and reduce risk of delinquency, crime, substance abuse, child abuse and neglect, teen sexual activity, and teen suicide.</p> <p>The third purpose is to evaluate approaches and disseminate findings to encourage replication of effective approaches to achieving the desired outcomes for both parents and children.</p>
<b><i>Definitions (Section 442 of new Part C)</i></b>	No provision.	Declares the terms "Indian tribe" and "tribal organization" to have the meanings given them in subsections (e) and (l), respectively, of Section 4 of the Indian Self-Determination and Education Assistance Act.

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<b><i>Competitive grants for service projects (Section 443 of new Part C)</i></b>	No provision.	<p>Generally authorizes the HHS Secretary to make grants for FY2006 through FY2010 to public and nonprofit community entities, including religious organizations, and to Indian tribes and tribal organizations, for demonstration service projects and activities designed to test the effectiveness of various approaches to accomplishing the four specified objectives.</p> <p>Requires that in order to qualify for a full-service project grant an entity (applicant) must submit an application to the HHS Secretary that contains the following elements:</p> <p><b>Project description</b> A description of the project and how it will be carried out, including the geographical area to be covered and the number and characteristics of clients to be served, and how it will address each of the four specified objectives; and of how the entity or its contractor will self-evaluate the project.</p> <p><b>Experience and qualifications</b> A demonstration of the applicant's ability to carry out the project, and such other qualifications as the Secretary may require.</p> <p><b>Addressing child abuse and neglect and domestic violence</b> A description of how the applicant will assess for the presence of, and intervene to resolve, child abuse and neglect and domestic violence, including how the applicant will coordinate with state and local child protective service and domestic violence programs.</p> <p><b>Addressing concerns relating to substance abuse and sexual activity</b> A commitment to make available to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordinate with providers of services addressing such problems, as appropriate.</p> <p><b>Coordination with specified programs</b> An undertaking to coordinate, as appropriate, with state</p>



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		<p>and local entities responsible for the Temporary Assistance for Needy Families (TANF), Child Welfare Service, and Child Support Enforcement (CSE) programs under Title IV of the Social Security Act, programs under Title I of the Workforce Investment Act of 1998 (including the One-Stop delivery system), and such other programs as the Secretary may require.</p> <p><b>Records, reports, and audits</b> An agreement to maintain records, make reports, and cooperate with reviews or audits as required by the Secretary.</p> <p><b>Self-initiated evaluation</b> If the applicant elects to contract for independent evaluation of the project (part or all of the cost of which may be paid for using grant funds), a commitment to submit to the Secretary a copy of the evaluation report by 30 days after completion of the report and not more than one year after completion of the project.</p> <p><b>Cooperation with Secretary's oversight and evaluation</b> An agreement to cooperate with the Secretary's evaluation of the project, by means including random assignment of clients to service recipient and control groups, if determined appropriate; and also agreement to give the Secretary access to project staff and clients, and project documents and records.</p> <p>Requires that in order to qualify for a <i>limited purpose grant</i> of less than \$25,000 per fiscal year, an entity (applicant) must submit an application to the Secretary that contains the following elements:</p> <p><b>Project description</b> A description of the project and how it will be carried out, including the number and characteristics of clients to be served, the proposed duration of the project, and how it will address at least one of the four specified objectives.</p> <p><b>Qualifications</b> Such information as the Secretary may require as to the capacity of the entity to carry out the project, including any previous experience with similar activities.</p> <p><b>Coordination with related programs</b> As required by the Secretary in appropriate cases, an</p>

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		<p>undertaking to coordinate and cooperate with state and local entities responsible for specific programs relating to the objectives of the project, including, as appropriate, jobs programs and programs serving children and families.</p> <p><b>Records, reports, and audits</b> An agreement to maintain such records, make such reports, and cooperate with such reviews or audits as the Secretary may find necessary for purposes of oversight of project activities and expenditures.</p> <p><b>Cooperation with Secretary's oversight and evaluation</b> An agreement to cooperate with the Secretary's evaluation of projects assisted under this section, by means including affording the Secretary access to the project and to project-related records and documents, staff and clients.</p> <p>Stipulates that in awarding grants, the Secretary must seek to achieve a balance among entities of differing sizes, entities in differing geographic areas, entities in urban and in rural areas, and entities employing differing methods of achieving the program purposes, including working with CSE agencies to help fathers satisfy child support arrearages. It further provides that the Secretary may give preference to projects in which a majority of the clients to be served are low-income fathers.</p> <p>Provides that the specified federal grant funds may be used for up to 80% of the annual costs of full-service projects (or up to 90%, if the entity demonstrates circumstances limiting the entity's ability to secure non-federal resources), and for up to 100% of annual costs for limited-purpose projects. The non-federal share may be in cash or in kind.</p>
<b><i>Multi-city, multi-state demonstration projects (Section 444 of new Part C)</i></b>	No provision.	Generally allows the HHS Secretary to make multi-city, multi-state demonstration project grants for FY2006 through FY2010 to eligible entities (described below) for two multi-city, multi-state projects demonstrating approaches to achieving the

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		<p>four specified objectives. One of the projects is required to test the use of married couples to deliver program services.</p> <p>Provides that an entity eligible for a multi-city, multi-state grant must be a national nonprofit fatherhood promotion organization with substantial experience in designing and successfully conducting programs meeting the three purposes described earlier, and with experience in simultaneously conducting such programs in more than one major metropolitan area in more than one state, and in coordinating, when appropriate, with state and local government agencies (including agencies responsible for child support enforcement and workforce development) and private, and nonprofit agencies (including community-based and religious organizations).</p> <p>Requires that in order to qualify for a multi-city, multi-state demonstration project grant, an entity (applicant) must submit an application to the Secretary that contains the following elements:</p> <p><b>Qualifications</b> An entity must meet the eligible entity requirements described above. Further, the application must include any other information the Secretary may find necessary to demonstrate the entity's capacity to carry out the project, including the entity's ability to provide the non-federal share of project resources.</p> <p><b>Project description</b> A description of and commitments concerning the project design, including the following elements:</p> <p>A detailed description of the project, which (a) provides for projects to be conducted in at least three major metropolitan areas; (b) states how it will address each of the four specified objectives; (c) demonstrates that there are sufficient potential clients to permit random assignment to service recipient and control groups; and (d) demonstrates that the project will direct a majority of resources to serving low-income fathers (but need not employ means-testing).</p>

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		<p>The project description must include an agreement that the entity will cooperate with the Secretary's and evaluator's oversight and evaluation of the project, by means including providing access to the project and to project-related records and documents, staff and clients; and will, in consultation with the evaluator and as required by the Secretary, modify the project design, initially and subsequently (including by providing for random assignment), as necessary to facilitate oversight and evaluation and to make appropriate mid-course adjustment in the project design indicated by interim evaluations; and will submit revised descriptions of modified project designs to the Secretary.</p> <p><b>Addressing child abuse and neglect and domestic violence</b> A description of how the applicant will assess for the presence of, and intervene to resolve, child abuse and neglect and domestic violence, including how the applicant will coordinate with state and local child protective service and domestic violence programs.</p> <p><b>Addressing concerns relating to substance abuse and sexual activity</b> A commitment to make available to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordinate with providers of services addressing such problems, as appropriate.</p> <p><b>Coordination with specified programs</b> An undertaking to coordinate, as appropriate, with state and local entities responsible for the Temporary Assistance for Needy Families, Child Welfare Services, and Child Support Enforcement programs under Title IV of the Social Security Act, programs under Title I of the Workforce Investment Act of 1998 (including the One-Stop delivery system), and such other programs required by the Secretary.</p> <p><b>Records, reports, and audits</b> An agreement to maintain records, make reports, and cooperate with</p>

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		<p>reviews or audits required by the Secretary.</p> <p>Provides that federal grant funds for multi-city, multi-state demonstration projects may be used for up to 80% of annual costs of the demonstration projects. The non-federal share may be in cash or in kind.</p>
<b><i>Evaluation (Section 445 of new Part C)</i></b>	No provision.	<p>Authorizes the Secretary, directly or by contract or cooperative agreement, to evaluate the effectiveness of the selected competitive grants for service projects and the selected multi-city, multi-state demonstration projects from the standpoint of the specified program purposes.</p> <p>Requires that evaluations under this section use assessment methods including, to the maximum extent feasible, random assignment of clients to service delivery and control groups, to describe and measure the effectiveness of the projects in achieving their goals; and to describe and assess their impact on marriage, parenting, domestic violence, child abuse and neglect, money management, employment and earnings, payment of child support, and child well-being, health and education.</p> <p>Requires the Secretary to publish an implementation evaluation report covering the first 24 months of the activities under this legislation, to be completed by 36 months after initiation of such activities; and a final report on the evaluation to be completed by September 30, 2013.</p>
<b><i>Projects of national significance (Section 446 of new Part C)</i></b>	No provision.	<p>Authorizes the HHS Secretary, by grant, contract or cooperative agreement, to carry out projects and activities of national significance relating to fatherhood promotion, including the following elements:</p> <p><b>Collection and dissemination of information</b> Assisting states, communities, and private entities, including religious organizations, in efforts to</p>

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		<p>promote and support marriage and responsible fatherhood by collecting, evaluating, developing, and making available (through the Internet and by other means) to all interested parties information regarding approaches to accomplishing the four specified objectives.</p> <p><b>Media campaign</b> Developing, promoting, and distributing to interested states, local governments, public agencies, and private nonprofit organizations, including charitable and religious organizations, a media campaign that promotes and encourages involved, committed and responsible fatherhood and married fatherhood .</p> <p><b>Technical assistance</b> Providing technical assistance, including consultation and training, to public and private entities, including community organizations and faith-based organizations, in the implementation of local fatherhood promotion programs.</p> <p><b>Research</b> Conducting research on projects of national significance related to fatherhood promotion.</p>
<b><i>Nondiscrimination (Section 447 of new Part C)</i></b>	No provision.	The projects and activities assisted must be made available on the same basis to all fathers and expectant fathers able to benefit from such projects and activities, including married and unmarried fathers and custodial and noncustodial fathers, with particular attention to low-income fathers, and to mothers and expectant mothers on the same basis as to fathers.
<b><i>Authorization of appropriations; reservation for certain purpose (Section 448 of new Part C)</i></b>	Not applicable.	<p>Appropriations of \$20 million for each of FY2006 through FY2010 are authorized.</p> <p>Not more than 15% of the annual appropriation shall be available for the costs of the multi-city, multi-state demonstration projects under Section 444, evaluations under Section 445, and projects of national significance under Section 446.</p>
<b>State option to make TANF programs mandatory</b>	The Workforce Investment Act (WIA) makes TANF	Makes state TANF programs mandatory partners

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<b>partners with one-stop employment training centers [Section 8120]</b>	an optional partner with one-stop employment training centers.	with one-stop employment training centers established under the Workforce Investment Act, unless the governor of a state decides otherwise and so notifies the Secretaries of Health and Human Services and Labor.
<b>Sense of the Congress [Section 8121]</b>	No provision.	Provides that it is the sense of Congress that a state welfare-to-work program should include mentoring.
<b>Drug Testing of Applicants for and Recipients of Assistance [Section 8122]</b>	States may test welfare recipients for the use of controlled substances and sanction recipients who test positive for controlled substances.	<p>Requires states to test applicants and recipients of TANF for use of drugs if the state has a reason to believe he or she has unlawfully used a controlled substance. If the applicant or recipient tests positive for drug use, or if the state otherwise determines that he or she has unlawfully used drugs, the state must ensure that the family self-sufficiency plan addresses the use of the substance; suspend cash assistance to the family until a subsequent test shows no drug use; and require the applicant or recipient to undergo periodic drug tests (every 30 or 60 days) as a condition of receiving cash assistance.</p> <p>Requires states to terminate participation in the program for a family for three years if the recipient fails the drug test at least three consecutive times (states may set a laxer requirement, allowing failure of the drug test for up to six consecutive times).</p> <p>The Secretary of HHS is required to penalize a state that does not comply with this requirement. The penalty is a minimum of 5% of the state's block grant, and a maximum of 10% of the state's block grant, with the Secretary determining the exact penalty amount</p>
<b>Subtitle B Child Care</b>		
<b>Entitlement funding [Sec. 8201]</b>	Entitles states to a basic block grant based on FY1992-FY1995 expenditures in welfare-related child care. Mandatory funds above this amount are provided to states on a matching basis.	Appropriates funds for mandatory child care as follows: \$2.717 billion for Fiscal Year 2006; \$2.767 billion for Fiscal Year 2007;

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	Appropriates entitlement (mandatory) funding at the FY2002 rate of \$2.717 billion annually through December 31, 2005.	\$2.817 billion for Fiscal Year 2008; \$2.867 billion for Fiscal Year 2009; and \$2.917 billion for Fiscal Year 2010.
<b>Subtitle C Child Support</b>		
<b>Federal matching funds for limited pass through of child support payments to families receiving TANF [Section 8301]</b>	<p>While the family receives TANF benefits, the state is permitted to retain any current child support payments and any assigned arrearages it collects up to the cumulative amount of TANF benefits which have been paid to the family. In other words, the state can decide how much, if any, of the state share (some, all, none) of the child support payment collected on behalf of TANF families to send to the family.</p> <p>The state is required to pay the federal government the federal share of the child support collected.</p>	<p>Same as current law.</p> <p>For TANF families, requires the federal government to waive its share of an <i>increase</i> in the child support passed through to the family (up to the greater of \$100 per month or \$50 over the state's stipulated child support pass through as of December 31, 2001). To obtain the federal matching funds, the state has to disregard the amount passed through to the family in determining the family's TANF benefit amount. This provision would apply to amounts distributed on or after October 1, 2008.</p>
<b>State option to pass through all child support payments to families that formerly received TANF [Section 8302]</b>	<p>Current child support payments must be paid to the family if the family is no longer on TANF.</p> <p>With respect to former TANF families: Since October 1, 1997, child support arrearages that accrue <i>after</i> the family leaves TANF also are required to be paid to the family before any monies may be retained by the state.</p> <p>With respect to former TANF families: Since October 1, 2000, child support arrearages that accrued <i>before</i> the family began receiving TANF also are required to be distributed to the family first.</p> <p>However, if child support arrearages are collected through the <i>federal income tax refund offset</i></p>	<p>Simplifies child support distribution rules to give states the option of providing families that have left TANF the full amount of the child support collected on their behalf (i.e., both current child support and child support arrearages). The federal government would share with the states the costs of paying child support arrearages to the family first. This provision would apply to amounts distributed on or after October 1, 2008.</p>



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	<i>program</i> , the family <i>does not</i> have first claim on the arrearage payments. Such arrearage payments are retained by the state and the federal government.	
<b>Mandatory review and adjustment of child support orders for families receiving TANF</b> [Section 8303]	Federal law requires that the state have procedures under which every 3 years the state review and adjust (if appropriate) child support orders at the request of either parent, and that in the case of TANF families, the state review and update (if appropriate) child support orders at the request of the state Child Support Enforcement (CSE) agency or of either parent.	Requires states to review and, if appropriate, adjust child support orders in TANF cases every 3 years. This provision would take effect on October 1, 2007.
<b>Mandatory fee for successful child support collection for family that has never received TANF</b> [Section 8304]	Federal law requires that non-welfare families must apply for CSE services, and states must charge an application fee that cannot exceed \$25. Such fees may be recovered from the custodial parent, the noncustodial parent, or the state (with state funds). In addition, states have the option of recovering costs in excess of the application fee. Such recovery may be from either the custodial parent or the noncustodial parent.	Requires families that have never been on TANF to pay a \$25 annual user fee when child support enforcement efforts on their behalf are successful (i.e., at least \$500 annually is collected on their behalf). Such fees may be recovered from the custodial parent, the noncustodial parent, or the state (with state funds). This provision would take effect on October 1, 2006.
<b>Report on undistributed child support payments</b> [Section 8305]	No provision.	Requires that within 6 months of enactment, the HHS Secretary must submit to the House Ways and Means Committee and the Senate Finance Committee a report on the procedures states use to locate custodial parents for whom child support has been collected but not yet distributed. The report must include an estimate of the total amount of undistributed child support and the average length of time it takes undistributed child support to be distributed. To the extent the Secretary deems appropriate, the report would be required to include recommendations as to whether additional procedures should be established at the state or federal level to expedite the payment of undistributed child support.
<b>Decrease in amount of child support arrearage triggering passport denial</b>	Federal law stipulates that the HHS Secretary is required to submit to the Secretary of State the names of noncustodial parents who have been	Authorizes the denial, revocation, or restriction of passports to noncustodial parents whose child support arrearages exceed \$2,500, rather than

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<b>[Section 8306]</b>	certified by the state CSE agency as owing more than \$5,000 in past-due child support. The Secretary of State has authority to deny, revoke, restrict, or limit passports to noncustodial parents whose child support arrearages exceed \$5,000.	\$5,000 as under current law. This provision would take effect on October 1, 2006.
<b>Use of tax refund intercept program to collect past-due child support on behalf of children who are not minors</b> <b>[Section 8307]</b>	Federal law prohibits the use of the federal income tax offset program to recover past-due child support on behalf of non-welfare cases in which the child is not a minor, unless the child was determined disabled while he or she was a minor and for whom the child support order is still in effect. (Since enactment in 1981 (P.L. 97-35), the federal income tax offset program has been used to collect child support arrearages on behalf of welfare families regardless of whether the children were still minors as long as the child support order was in effect.)	Permits the federal income tax refund offset program to be used to collect arrearages on behalf of non-welfare children who are no longer minors. This provision would take effect on October 1, 2007.
<b>Garnishment of compensation paid to veterans for service-connected disabilities in order to enforce child support obligations</b> <b>[Section 8308]</b>	The disability compensation benefits of veterans are treated differently than most forms of government payment for purposes of paying child support. Whereas most government payments are subject to being automatically withheld to pay child support, veterans' disability compensation is not subject to intercept. The only exception occurs when veterans have elected to forego some of their retirement pay in order to collect additional disability payments. The advantage of veterans replacing retirement pay with disability pay is that the disability pay is not subject to taxation. With this exception, the only way to obtain child support payments from veterans' disability compensation is to request that the Secretary of the Veterans Administration intercept the disability compensation and make the child support payments.	Allows veterans' disability compensation benefits to be intercepted (withheld) and paid on a routine basis to the custodial parent if the veteran is 60 days or more in arrears on child support payments. This provision cannot be used to collect alimony and no more than 50% of any particular disability payment can be withheld. This provision would take effect on October 1, 2007.
<b>Maintenance of technical assistance funding</b> <b>[Section 8309]</b>	Federal law appropriates an amount equal to 1% of the federal share of child support collected on behalf of TANF families during the preceding year for the Secretary to provide information dissemination and technical assistance to the states, training of state and federal staff, staffing studies, related activities needed to improve CSE programs (including	Changes the amount available for technical assistance funding to an amount equal to 1% of the federal share of child support collected or the amount appropriated for FY2002, whichever is greater.

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	technical assistance concerning state automated CSE systems), and research demonstration and special projects of regional or national significance relating to the operation of CSE programs. Such funds are available until they are expended.	
<b>Maintenance of Federal Parent Locator Service funding</b> [Section 8310]	Federal law appropriates an amount equal to 2% of the federal share of child support collected on behalf of TANF families during the preceding year for the Secretary to use for operation of the Federal Parent Locator Service to the extent that the costs of the Federal Parent Locator Service are not recovered by user fees. Funds that were appropriated for FY1997-FY2001 remain available until expended.	Changes the amount available for the Federal Parent Locator Service to an amount equal to 2% of the federal share of child support collected or the amount appropriated for FY2002, whichever is greater. Makes all funds appropriated for this purpose available until expended.
<b>Information comparisons with insurance data</b> [Section 8311]	No provision.	<p>Authorizes the HHS Secretary, via the Federal Parent Locator Service, to compare information of noncustodial parents who owe past-due child support with information maintained by insurers (or their agents) concerning insurance claims, settlements, awards, and payments; and to furnish any information resulting from a match to the appropriate state CSE agency in order to secure settlements, awards, etc. for payment of past-due child support. Stipulates that no insurer would be liable under federal or state law for disclosures made in good faith of this provision.</p> <p>A state or federal agency that receives such information from the HHS Secretary must reimburse the Secretary for the costs incurred by the Secretary in providing the information, at rates which the Secretary determines to be reasonable.</p>
<b>Tribal access to the Federal Parent Locator Service</b> [Section 8312]	The Federal Parent Locator Service (FPLS) is a national location system operated by the federal Office of Child Support Enforcement to assist states in locating noncustodial parents, putative fathers, and custodial parties for the establishment of paternity and child support obligations, as well as the enforcement and modification of orders for child support, custody and visitation. It also identifies support orders or support cases involving the same	Includes Indian tribes and tribal organizations that operate a CSE program as “authorized persons.”

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	<p>parties in different states. The FPLS consists of the Federal Case Registry, Federal Offset Program, Multi-state Financial Institution Data Match, National Directory of New Hires, and the Passport Denial Program. Additionally, the FPLS has access to external sources such as the Internal Revenue Service (IRS), the Social Security Administration (SSA), Department of Veterans Affairs (VA), the Department of Defense (DOD), and the Federal Bureau of Investigation (FBI). The FPLS is only allowed to transmit information in its databases to “authorized persons,” which include (1) child support enforcement agencies (and their attorneys and agents); (2) courts, (3) the resident parent, legal guardian, attorney, or agent of a child owed child support; and (4) foster care and adoption agencies.</p>	
<p><b>Reimbursement of Secretary’s costs of information comparisons and disclosure for enforcement of obligations on higher education act loans and grants [Section 8313]</b></p>	<p>Federal law (P.L. 106-113) authorized the Department of Education to have access to the National Directory of New Hires. The provisions were designed to improve the ability of the Department of Education to collect on defaulted student loans and grant overpayments made to individuals under Title IV of the Higher Education Act of 1965. The Federal Office of Child Support Enforcement (OCSE) and the Department of Education negotiated and implemented a Computer Matching Agreement in December 2000. Under the agreement, the Secretary of Education is required to reimburse the HHS Secretary for the <i>additional</i> costs incurred by the HHS Secretary in furnishing requested information.</p>	<p>Amends the reimbursement of costs provision by eliminating the word <i>additional</i>, thereby requiring the Secretary of Education to reimburse the HHS Secretary for any costs incurred by the HHS Secretary in providing requested information on new hires.</p>
<p><b>Technical amendment relating to cooperative agreements between states and Indian Tribes [Section 8314]</b></p>	<p>Federal law requires that any state that has a child welfare program and that has Indian country may enter into a cooperative agreement with an Indian tribe or tribal organization if the tribe demonstrates that it has an established tribal court system with several specific characteristics related to paternity establishment and the establishment and enforcement of child support obligations. The HHS Secretary may make direct payments to Indian tribes and tribal organizations that have approved child</p>	<p>Deletes the reference to child welfare programs.</p>

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	support enforcement plans.	
<b>State option to use statewide automated data processing and information retrieval system for interstate cases [Section 8315]</b>	The 1996 welfare reform law (P.L. 104-193) mandated states to establish procedures under which the state would use high-volume automated administrative enforcement, to the same extent as used for intrastate cases, in response to a request from another state to enforce a child support order. This provision was designed to enable child support agencies to quickly locate and secure assets held by delinquent noncustodial parents in another state without opening a full-blown interstate child support enforcement case in the other state. The assisting state must use automatic data processing to search various state data bases including financial institutions, license records, employment service data, and state new hire registries, to determine whether information is available regarding a parent who owes a child support obligation, the assisting state is then required to seize any identified assets. This provision does not allow states to open/establish a child support interstate case.	Allows an assisting state to establish a child support interstate case based on another state's request for assistance; and thereby an assisting state would be able to use the CSE statewide automated data processing and information retrieval system for interstate cases.
<b>Modification of rule requiring assignment of support rights as a condition of receiving TANF [Section 8316]</b>	In order to receive benefits TANF recipients must assign their child support rights to the state. The assignment covers any child support that accrues while the family receives TANF and any support that accrued before the family began receiving TANF.	Stipulates that the assignment covers child support that accrues during the period that the family receives TANF, but also gives states the option of including in the assignment child support that accrued to the family before the family began receiving TANF. This provision would take effect on October 1, 2008.
<b>State option to discontinue certain support assignments [Section 8317]</b>	Any assignment of rights to child support that was in effect on September 30, 1997 <i>must</i> remain in effect. This means that any child support collected as a result of the assignment is owed to the state and the federal government.	Any assignment of rights to child support that was in effect on September 30, 1997 <i>may</i> remain in effect. This means that states would have the option to discontinue pre-assistance assignments in effect on September 30, 1997. If a state chooses to discontinue the child support assignment, the state would have to give up its legal claim to collections based on such arrearages and the state would have to distribute the collections to the family.

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<b>Technical correction</b> <b>[Section 8318]</b>	Section 453(j) of the Social Security Act currently includes two paragraphs labeled (7).	Makes a technical correction to the Social Security Act by renumbering the second paragraph labeled Section 453(j)(7).
<b>Reduction in rate of reimbursement of child support administrative expenses</b> <b>[Section 8319]</b>	The federal government currently reimburses each state 66% of the cost of administering its CSE program (i.e., the general CSE federal matching rate). It also refunds states 90% of the laboratory costs of establishing paternity.	Gradually reduces the general CSE federal matching rate of 66% to 62% in FY2007, 58% in FY2008, 54% in FY2009, and 50% in FY2010 and each fiscal year thereafter.
<b>Incentive payments</b> <b>[Section 8320]</b>	Section 455(a)(1) of the Social Security Act requires the HHS Secretary to reimburse each state for CSE expenditures at specified federal matching rates, with the exception of expenditures on (1) enforcing any state or federal law with respect to parental kidnapping, or (2) making or enforcing a child custody or visitation determination.	Prohibits federal matching of state expenditure of federal CSE incentive payments. (This means that CSE incentive payments that are received by states and reinvested in the CSE program are not eligible for federal reimbursement.) This provision would take effect on October 1, 2007.
<b>Subtitle D Child Welfare</b>		
<b>Extension of authority to approve demonstration projects</b> <b>[Section 8401]</b>	Section 1130 (a)(1) and (2) permits the Department of Health and Human Services (HHS) Secretary to approve state demonstration projects that are likely to promote the objectives of the child welfare programs authorized under Title IV-B and Title IV-E. This authority extends through December 31, 2005.	Extends the HHS Secretary's authorization to permit child welfare demonstration projects through FY2010.
<b>Elimination of limitation on number of waivers</b> <b>[Section 8402]</b>	Section 1130(a)(2) limits to 10 the number of demonstration projects the HHS Secretary may approve in a single fiscal year.	Removes the restriction on the number of demonstration projects the HHS Secretary may approve in each fiscal year.
<b>Elimination of limitation on number of states that may be granted waivers to conduct demonstration projects on same topic</b> <b>[Section 8403]</b>	No current provision. In the past, HHS has expressed a "preference" for projects that "would test policy alternatives that are unique; that differ in their approach to serving families and children; [and] that differ in significant ways from other proposals."	Adds language to assert that the HHS Secretary may not refuse to grant a particular waiver of child welfare program rules on the grounds that the purpose of the waiver or demonstration project is similar to another waiver or demonstration project.
<b>Elimination of limitation on number of waivers that may be granted to a single state for demonstration projects</b>	No current provision. In the past, HHS has expressed a "preference" for projects "that are submitted by states that have not previously been approved for a child welfare demonstration project."	Adds language to assert that the HHS Secretary may not impose a limit on the number of waivers or demonstration projects that a single state is granted.

	Current Law	Committee Recommendation
[Section 8404]		
<b>Streamlined process for consideration of amendments to and extensions of demonstration projects requiring waivers</b> [Section 8405]	No current provision.	Adds language to require the HHS Secretary to develop a “streamlined process” for considering amendments or extensions that states propose to their demonstration projects.
<b>Availability of reports</b> [Section 8406]	Section 1130(f)(1) and (2) provides that states conducting demonstration projects under a waiver granted by the HHS Secretary must obtain an evaluation of the project’s effectiveness and must provide interim and final evaluation reports to the HHS Secretary when, and in the manner, that the Secretary requests.	Requires the HHS Secretary to make available (to states or other interested parties) any of the demonstration project evaluation reports that it receives from a state and any demonstration project evaluation or report made by the HHS Secretary, with a focus on information that promotes best practices and program improvements.
<b>Clarification of Eligibility for Foster Care Maintenance Payments and Adoption Assistance</b> [Section 8407]	<p>Section 472(a) provides that a state with a foster care program approved under Title IV-E must make foster care maintenance payments on behalf of eligible children who are removed from their home and placed into foster care. These eligibility criteria include a requirement that the child must have met -- in the home from which he/she was removed -- the income and other eligibility tests necessary to receive aid under the now-defunct Aid to Families with Dependent Children (AFDC) program (as it existed on July 16, 1996). Section 474 provides that states are entitled to receive federal matching funds at the Federal Medical Annual Percentage (FMAP) rate (ranging from 50%-83% based on state’s per capita income) for every foster care maintenance payment it makes on behalf of an eligible child.</p> <p>Section 473(a)(2) provides that under one pathway to eligibility for adoption assistance, a special needs adoptee must have been eligible for aid under the AFDC program (as it existed on July 16, 1996) both in the month that the child was removed from the</p>	<p>Rewrites Section 472(a) generally, restating all current eligibility requirements and to clarify that for purposes of determining AFDC eligibility, the home from which the child is removed is always the home that a judge found to be “contrary to the child’s welfare” or the home from which the child’s parent or legal guardian entered into a voluntary agreement to place the child in foster care.</p> <p>The clarification is in response to a 2003 decision by the 9<sup>th</sup> Circuit Court of Appeals, <i>Rosales v. Thompson</i>, (321 F.3d. 835) which read the statute to permit eligibility for certain children to be based on their financial and other circumstances in the homes of relatives who were not their parents or legal guardians and which were not the homes that were found unsafe for them. This reading of the statute is contrary to longstanding practice and to the way the eligibility test is understood by the U.S. Department of Health and Human Services (HHS). Under the <i>Rosales</i> court’s reading of the law, nearly every child in the 9<sup>th</sup> circuit (which includes CA, WA, OR, AZ,</p>

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	home and placed into foster care and in the month in which the adoption proceedings were initiated.	<p>MT, ID, NV, AK and HI) could become eligible for federally matched foster care maintenance payments.</p> <p>Rewrites Section 473(a)(2) regarding eligibility for adoption assistance to make same clarification with regard to home of removal that was made for foster care. Removes the requirement that the child meet the AFDC eligibility criteria (as they existed on July 16, 1996) at the time the adoption proceedings were initiated. This provision is not expected to change the number of special needs adoptees who are found eligible for federal adoption assistance.</p>
<p><b>Clarification Regarding Federal Matching of Certain Administrative Costs Under the Foster Care Maintenance Payments Program [Section 8408]</b></p>	<p>Section 474(a)(3) authorizes open-ended federal matching of eligible state costs associated with the federal foster care program. These include training costs (matched at 75%) and all other administrative costs, including child placement and case management services (matched at 50%).</p> <p>Section 472 provides that a condition of eligibility for federal foster care maintenance payment is placement of a child in a licensed foster family home or a child care institution (not including “detention facilities” or public institutions that accommodate more than 25 children).</p> <p>Section 471(a)(15)(B)(i) provides that a state must make reasonable efforts to preserve a family prior to the placement of a child in foster care or to prevent or eliminate the need for removing the child from the child’s home. As part of meeting this duty, states may make certain administrative claims on behalf of children who have not been removed from their homes but are at imminent risk of removal. These children are called “candidates” for Title IV-E foster care.</p>	<p>Specifies that claims for federal matching funds based on training and other administrative costs on behalf of otherwise eligible children who are placed in settings ineligible for Title IV-E funding would be available in only two circumstances:</p> <ol style="list-style-type: none"> <li>1) In the case of a child who is placed in the home of a relative that is not a licensed foster care provider, for 12 months or as long as it takes a state to normally license a foster family home (whichever is shorter) and;</li> <li>2) In the case of a foster child who is moved from an ineligible facility (e.g. a juvenile detention center) to an eligible facility or licensed foster family home, but for no more than 1 calendar month (and only if child is returned to an eligible facility).</li> </ol> <p>Specifies that in the case of a child who is at imminent risk of removal to foster care the state may only make administrative claims if --</p> <ol style="list-style-type: none"> <li>1) reasonable efforts are being made to prevent the removal of the child from the home or (if necessary) to pursue the removal; and</li> <li>2) not less than every 6 months the state determines that the child continues to be at imminent risk of removal.</li> </ol>



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<b>Technical Correction</b> [Section 8409]	Section 1130(b)(1) provides that in approving a state demonstration project the HHS Secretary may not waive compliance with certain provisions under Title IV-B and Title IV-E, including those provisions under “Section 422(b)(9).”	Changes this reference to Section 422(b)(10). This technical correction is necessary because the cited language was renumbered in 1997 (P.L. 105-33) without the necessary conforming amendment to Section 1130 of the Social Security Act.
<b>Technical Correction</b> [Section 8410]	Section 470 provides that funds made available under Title IV-E are to enable states to make foster care and independent living services available to children who otherwise would have been eligible for assistance under the Aid to Families with Dependent Children (AFDC) program, as it existed on June 1, 1995.	Changes the date referenced in this provision to “July 16, 1996.” This technical correction is necessary because the “lookback date” for determining federal foster care eligibility (Section 472) was changed in 1997 (P.L. 105-33) without the necessary conforming amendment to Section 470 .
<b>Subtitle E Supplemental Security Income</b>		
<b>Review of state agency blindness and disability determination</b> [Section 8501]	No provision	Requires the Commissioner of Social Security to review determinations made by state agencies that adult applicants became blind or disabled as of a specified onset date. Requires review of at least 20% of determinations made in FY 2006, 40% of those made in FY2007 and at least 50% of those made in FY2008 or thereafter.
<b>Payment of certain lump sum benefits in installments under the Supplemental Security Income program</b> [Section 8502]	<p>If a beneficiary is due a past due payment of benefits and the amount of this payment, less any reimbursement to a state for interim assistance and any attorney’s fees, is greater than the product of <b>12 times</b> the maximum monthly benefit payable to an individual, or if applicable, an individual and spouse, then this payment must be made in not more than 3 installments made at 6 month intervals.</p> <p>This provision does not apply in cases in which a beneficiary is determined to have impairment likely to result in death within 12 months, or in cases in which a person is not currently eligible for benefits and is not likely to become eligible for benefits in the next 12 months.</p>	<p>Revises the rules for payment of past due monthly benefits to provide that if such a payment, less any reimbursement to a state for interim assistance and any attorney’s fees, is greater than the product of <b>3 times</b> the maximum monthly benefit payable to an individual, or if applicable, an individual and spouse, then this payment must be made in not more than 3 installments made at 6 month intervals.</p> <p>This provision does not apply in cases in which a beneficiary is determined to have impairment likely to result in death within 12 months, or in cases in which a person is not currently eligible for benefits and is not likely to become eligible for benefits in the next 12 months.</p>
<b>Subtitle F Waivers</b>		

	Current Law	Committee Recommendation
<b>Program coordination demonstration projects [Section 8601]</b>	<p>No directly comparable provisions. <b>Note:</b> Waivers granted under the pre-TANF Aid to Families with Dependent Children (AFDC) program are scheduled to continue until their expiration date.</p>	<p><b>Purpose:</b> To establish a “program of demonstration projects” in states (or portions of states) that would coordinate multiple public assistance, workforce development, and other programs so as to support working individuals and families, help families escape welfare dependency, promote child well-being, or help build stronger families. Projects would use innovative approaches to strengthen service systems and provide more coordinated and effective service delivery.</p> <p><b>New authority:</b> Establishes broad new authority that would, subject to limits discussed below, allow the heads of federal agencies to waive statutory and regulatory requirements of specified covered programs (see below) at the request of state or sub-state entities.</p> <p>Requests/applications for demonstration project waivers under the new authority would contain, among other items: (1) a description and justification of the project for which the waivers are being requested (including how it is expected to improve achievement of the included programs’ purposes from the standpoint of quality and cost-effectiveness and the performance objectives of the project), (2) information and assurances necessary to establish that the project will meet cost-neutrality requirements (see below), and (3) assurance that the applicant agencies will conduct ongoing and final project evaluations and make interim and final project reports.</p> <p><b>Covered (“qualified”) programs:</b> Programs/activities for which waivers could be granted using the new authority are: TANF (including mandatory child care) under Title IV-A of the Social Security Act and the Social Services Block Grant (Title XX of the Social Security Act).</p> <p><b>Federal approval of waiver requests:</b> In general, the head of a federal agency with responsibility for a</p>

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		<p>program/activity for which a waiver is requested may approve a waiver/demonstration application and may waive <i>any</i> requirement (subject to some limits, see below) applicable to the program to the extent necessary and appropriate for the conduct of the proposed demonstration. To approve a project and waive requirements, a federal agency head must determine that the project: (1) has a reasonable likelihood of achieving the objectives of the programs included in the project, (2) may reasonably be expected to meet cost-neutrality requirements (see below), and (3) includes 2 or more covered programs.</p> <p>Approval is required of <i>each</i> federal agency head with responsibility for a program covered by the waiver/demonstration request.</p> <p>If a demonstration/waiver request is not disapproved within 90 days of receipt, it would be deemed approved. However, the deadline could be extended if the federal agency asks for additional information. Projects may not be approved for a period longer than 5 years.</p> <p><b>General limitations on waivers:</b> Federal agencies may not use the new authority to waive provisions of law relating to:</p> <ul style="list-style-type: none"> <li>--civil rights or prohibition of discrimination;</li> <li>--the purposes or goals of any program;</li> <li>--“maintenance of effort” requirements (e.g., provisions that require states or other entities to maintain a certain level of spending);</li> <li>--health or safety;</li> <li>--labor standards under the Fair Labor Standards Act of 1938, or</li> <li>--environmental protection.</li> </ul> <p><b>Reports:</b> Each federal agency would be required to submit reports of applications for waivers/demonstrations under the new authority to the</p>

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	<p>Requirements for cost-neutrality under existing law differ by program, are sometimes set by Departmental policy rather than law, and may not allow “savings” in one program to be offset by new “costs” in another.</p>	<p>congressional committees with jurisdiction (including the agency’s decision and the reasons for approving or denying the application).</p> <p>Each federal agency would be required to provide annual reports to Congress on demonstrations approved under the new authority (including how well each project is improving program achievement from the standpoint of quality and cost-effectiveness and recommendations for program modifications based on project outcomes).</p> <p><b>Cost-neutrality requirement:</b> For any fiscal year, total federal payments for affected programs in a state in which a demonstration project under the new authority is being conducted may not exceed the estimated amount that would have been paid if the project had not been conducted. (This allows “savings” in one program to be offset by new “costs” in another program.) The determination would be made by the federal Office of Management and Budget (OMB).</p> <p>Upon request by an applicant entity, the OMB would be permitted (at its discretion) to adjust the annual cost-neutrality requirement so that cost-neutrality is measured over a period longer than one year, but no more than 5 years.</p>
<b>Subtitle G Repeal of Continued Dumping and Subsidy Offset</b>		
<p><b>Repeal of Continued Dumping and Subsidy Offset</b> [Section 8701]</p>	<p>The Continued Dumping and Subsidy Offset Act of 2000 (CDSOA), set forth at section 754 of the Tariff Act of 1930, 19 U.S.C. 1675c, requires the annual distribution of collected antidumping and countervailing duties to affected domestic producers for qualifying expenditures enumerated in the statute. The CDSOA requires the Treasury Department to create a special account for each antidumping and countervailing duty order currently in effect and to deposit collected duties into the respective account for future disbursement; funds in</p>	<p>Repeals the statute and the reference to it in the table of contents for Title VII of the Tariff Act. Requires that all amounts remaining in any special account established under the statute, as in effect on the day before the date of enactment, be deposited into the general fund of the Treasury.</p>

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	<p>the account are available for distribution to any firm that was a petitioner or interested party in support of the petition in the underlying antidumping or countervailing duty proceeding and that remains in operation. Distributions are to be made no later than 60 days after the first day of a fiscal year from duties assessed during the preceding fiscal year. Approximately \$1 billion has been distributed under the CDSOA from FY2001 to FY2004. The World Trade Organization (WTO) has ruled that the statute violates U.S. obligations under the WTO Agreement on Antidumping and the Agreement on Subsidies and Countervailing Measures; panel and Appellate Body reports in the case were adopted by the WTO Dispute Settlement Body January 27, 2003.</p>	
<b>Subtitle F Effective Date</b>		
<b>Effective date [Section 8701]</b>	TANF state plan requirements and block grants took effect July 1, 1997, or earlier at state option.	Unless otherwise specified, provisions take effect October 1, 2005. If the Secretary determines that state legislation is required to meet Title IV-A or Title IV-D state plan requirements, more time is allowed (3 months after the first regular session of the legislature).